

Managerial attitudes towards corruption — A pilot study

L.F. Pitt

Department of Business Economics, University of Pretoria, Pretoria

This is basically a preliminary study on the measurement of attitudes *vis-à-vis* deviant behaviour (corruption). Respondents have been presented with a series of scenarios which reflect fraudulent or deviant practice. Respondents were asked three questions: (i) Their own disapproval of such practice; (ii) how they perceived friends and colleagues to view such practices; and (iii) how they anticipated that management would respond to such practices. The study was conducted with a sample size of 149 respondents. While most generally condemned corrupt practices, the perceived participation of the peer group was higher than expected. Legal action was not perceived as appropriate, and top management was considered to be responding only to the more severe transgressions.

S. Afr. J. Bus. Mgmt. 1985, 16: 27 – 30

Hierdie studie is 'n voorlopige meting van houdinge jeens afwykende gedrag (korrupsie) in die bedryfslewe. Respondente het 'n aantal scenarios voorgelê wat elk afwykende of korrupte praktyk uitbeeld. Respondente is versoek om drie vrae te beantwoord: (i) Hulle eie afkeur van sulke praktyke; (ii) hulle waarneming van vriende en kollegas se reaksie tot sulke praktyke; en (iii) hoe hulle sou verwag dat topbestuur op sulke praktyke sou reageer. Die studie was gebaseer op 'n monster van 149 respondente. Terwyl meeste korrupte praktyke in die geheel afkeur, was die waarneming van deelname deur vriende en kollegas aan sulke praktyke veel hoër as wat verwag is. Geregtelike optrede was nie as paslik beskou nie, en 'n reaksie van topbestuur teen sulke praktyke is alleen in ernstige oortredinge verwag.

S.-Afr. Tydskr. Bedryfsl. 1985, 16: 27 – 30

Corrupt business practices are as old as business itself — corruption in the public sector even older. To gain favours a bribe is paid, to gain special privileges a gift is given. Corruption exists to a greater or lesser extent in every culture, under all economic systems, and in all countries of the world. Some governments and businesses in countries around the globe are dependent on corruption for their very existence — in others corruption is despised, castigated and criticized — but never entirely eradicated. The objective of this article is not to moralize or to pass judgement. Rather, it outlines the findings of a pilot study concerning managerial attitudes towards corruption in business. Whether all the situations used to measure attitudes are actually corrupt is very much a question of attitude, values, and judgement. They do, however, provide for a spectrum of situations, as will be explained.

Rogets' Thesaurus offers a number of beautiful synonyms for the adjective *corrupt* — prejudicial, left-handed, untoward, pernicious, moribund, and peccant among them. The author prefers to see *corrupt*, or rather the corrupt person, as one who uses the position and powers afforded him to his own selfish advantage — to the detriment of the organization, and ultimately, society.

A question of attitudes

Deviant behaviour often occurs as a result of, and is fostered by, attitudes towards the behaviour. For example, if shoplifting is seen as being mere pilfering or 'taking something' rather than theft, then it is obvious that it will not be regarded as being a serious criminal offence. In the same way, if the attitude towards taking a bribe is that 'everyone does it', or 'we deserve it', or 'it's not really wrong', then one can only expect corruption to be a generally acceptable business practice.

Attitudes are learned predispositions to respond to an object/subject or class of objects/subjects in a favourable or unfavourable way. Attitudes are learned from many sources, the major ones being personal experience, social influence, and emotional reactions. Various methods have been developed over the years for the purpose of measuring attitudes.

Based on this theory that '... opinions are verbal expressions of attitudes', Louis Thurstone became a pioneer in this field, developing his famous Thurstone scaling technique (Cohen, 1980:220). This was followed by such developments as summated rating and semantic differentials.

The accuracy of attitude scaling is also marred by what social researchers have come to call the *halo effect* — the tendency to be influenced by a general overall impression.

Measuring attitudes towards deviant behaviour is beset by

L.F. Pitt

Department of Business Economics, University of Pretoria, Pretoria,
0002 Republic of South Africa

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further problems. Essentially, if one is measuring the attitudes of a dishonest person towards deviant behaviour, or his participation, then one can hardly expect an honest answer from a subject who is by definition dishonest (Wilkes, 1978: 67–75). To overcome this, researchers have utilized the technique of measuring 'perceived participation'. By asking respondents to what extent members of their peer group would participate in the activities in question, the researcher is (hopefully) able to gain an idea of overall group (including respondents) participation (Pitt, 1982:183–188).

The methodology of this pilot study

The methods used in this study are essentially based on those used in two previous studies to gauge the attitudes of American housewives (Wilkes, 1978:67–75) and young South African whites (Pitt, 1982:183–188) towards fraudulent activities against business. Respondents are presented with a series of scenarios which could possibly be construed as being deviant or fraudulent. The respondent is then asked three questions with regard to each situation:

- (i) The extent to which they approve/disapprove of the situation.
- (ii) The extent to which friends or colleagues would act as described.
- (iii) The appropriate action to be taken by management/the organization should it become aware of the situation.

Fifteen new scenarios were developed for this pilot study depicting situations which could possibly be construed as being corrupt from a managerial point of view, rather than fraudulent from a consumer behaviour viewpoint (as in the other studies mentioned).

Scenarios

1. A purchasing manager is offered the sum of R5 000 on condition that he awards a large contract to a certain company. He accepts the offer.
2. A project engineer awards a sizeable tender to a company. A week later the company invites him on an all-expense paid shooting trip to their private game reserve. He accepts their offer.
3. Members of a company negotiating team accept a potential supplier's invitation to lunch.
4. On condition that he let them know of rival tender prices, a tender official is offered the opportunity of having his home carpeted throughout. He supplies every price tendered.
5. A company official receives a bottle of whiskey from a supplier as a Christmas gift. He phones to say thanks.
6. Shortly after awarding a major contract, a company official and his son are invited to join the suppliers at their private box for a major rugby match. They accept the offer.
7. Shortly before the announcement of a large tender, one of the tender officials has a sheep and a case of whiskey delivered to his home by one of the parties. He accepts the gifts.
8. A geologist working for a major mining group gains important information regarding the development of a new reef. He immediately buys 1 000 company shares.
9. A branch manager receives a voucher for a weekend's stay at a holiday resort from a supplier as a birthday present. His secretary telephones his thanks.
10. A senior manager siphons petrol from his company car and transfers it to his wife's car for her weekend shopping.

11. The marketing manager and his wife entertain friends at a top restaurant. He books the bill to his expense account 'dined with potential customers . . . '.
12. A company is known to be in the market for 20 heavy vehicles. One of the potential suppliers invites the specifications engineer on an overseas trip so that he can ' . . . visit their highly sophisticated manufacturing facilities'. He accepts the offer.
13. The financial manager knows that the next company report will be the best yet. He instructs his broker to purchase R10 000's worth of shares on his own behalf.
14. On returning from a visit to a supplier a buyer finds his car boot filled with groceries. He does nothing about this.
15. On arrival at his hotel in another city, a company purchasing manager receives a phone call from the secretary of a supplier's sales manager. Her boss, she says, has instructed her to take him out for a 'night on the town'. He accepts her invitation.

As added background to the studies, 25 listed companies were interviewed telephonically and asked whether any written policy existed regarding the receipt of gifts, etc. While obviously not a representative sample in the least, it was interesting to note that only 15 of these 25 *did* have written policy on the matter.

The sample

One hundred and fifty-one questionnaires were presented to respondents at senior/middle management levels. Respondents were asked to complete the questionnaires, which were collected promptly on completion. Two respondents completed Phase 1 of the questionnaire only. These were used in the analysis for Phase 1, but the findings of Phases 2 and 3 are based on the views of 149 respondents only.

Phase 1

'Referring to the situations presented, rate how wrong or right you feel each to be, by marking off against each situation'. A four-point scale was used:

- Definitely wrong.
- Wrong.
- Understandable.
- Not wrong at all.

The reactions to these situations are presented in Table 1.

Situations attaining the highest degree of disapproval (definitely wrong) were Situations 1 (R5 000 bribe — 94,5%), 4 (information on rival tenders — 90,0%), and 10 (siphoning petrol — 78,6%). Situations attaining the lowest degree of disapproval (definitely wrong) were Situations 3 (lunch — 0,0%), 5 (whiskey gift — 1,4%), and 6 (rugby match — 0,0%). The managers concerned also seemed to associate 'wrongness' with the size of the gift and the circumstances under which it was given! While only 1,4% felt that receiving a bottle of whiskey was definitely wrong, 47,1% felt that receiving a case of whiskey and a sheep was definitely wrong.

Phase 2

'Referring to the situations presented, how often would your own colleagues/friends behave as described?' Once again a four-point scale was used:

- Most of the time.
- Once in a while.
- Seldom.
- Never.

The results are presented in Table 2.

The most striking observations on the data presented in

Table 1 Degree of disapproval of situations

Situation	Definitely wrong %	Wrong %	Understandable %	Not wrong at all %
1. R5 000 bribe	94,5	5,5	0,0	0,0
2. Free shooting trip	9,0	30,0	41,0	20,0
3. Lunch	0,0	18,6	35,7	46,7
4. Info. on rival tenders	90,0	5,7	1,4	2,9
5. Xmas whiskey gift	1,4	8,6	31,4	58,6
6. Rugby match	0,0	12,9	25,7	61,4
7. Sheep and a case of whiskey	47,1	40,0	7,1	5,8
8. Geologist knowledge	14,3	20,0	42,9	22,8
9. Free weekend holiday	14,3	42,9	24,3	18,5
10. Petrol siphon	78,6	17,1	2,9	1,4
11. False expense claim	58,6	30,0	7,1	4,3
12. Free overseas trip	15,7	32,9	28,6	22,8
13. Insider trading	28,5	38,6	24,3	8,6
14. Free groceries	38,6	45,7	12,9	2,8
15. Secretary	28,6	25,7	40,0	5,7

Table 2 Perceived participation by colleagues/friends

Situation	Most of the time %	Once in a while %	Seldom %	Never %
1. R5 000 bribe	1,5	3,0	27,9	67,6
2. Free shooting trip	13,2	52,9	29,4	4,5
3. Lunch	63,2	29,4	3,0	4,4
4. Info. on rival tenders	0,0	4,4	17,6	78,0
5. Xmas whiskey gift	72,0	25,0	1,5	1,5
6. Rugby match	54,4	32,4	10,2	3,0
7. Sheep and a case of whiskey	5,9	26,5	39,7	27,9
8. Geologist knowledge	26,5	27,9	22,1	23,5
9. Free weekend holiday	10,3	39,7	32,4	17,6
10. Petrol siphon	5,9	11,8	39,7	42,6
11. False expense claim	7,4	19,1	48,5	25,0
12. Free overseas trip	14,7	29,4	33,8	22,1
13. Insider trading	19,1	33,8	29,4	17,7
14. Free groceries	7,4	27,9	33,8	30,9
15. Secretary	13,2	39,7	23,5	23,6

Table 2 are:

- Only 67,6% of friends/colleagues would never take a bribe (Situation 1);
- only 78,0% of friends/colleagues would never give information on rival tender prices (Situation 4); and
- only 42,6% of friends/colleagues would never siphon petrol from a company car (Situation 10). One should of course bear in mind that friends/colleagues might not often *be in the position* to disclose tender prices — the possible reason for the higher score of Situation 4.

Activities participated in most regularly by the peer group

were lunch (63,2%), accepting a gift of whiskey (72,0%), and accepting invitations to a rugby match (54,4%) — with regard to 'most of the time'. Activities scoring high 'once in a while' were the shooting trip (52,9%), the free holiday weekend (39,7%), inside trading (33,8%), and a night out with the secretary (39,7%).

Comparison of the results of Tables 1 and 2, albeit in the absence of statistical tests of significance, indicates a difference between degree of disapproval and perceived participation. For example, while 94,5% of participants viewed taking a R5 000 bribe as 'definitely wrong' (Situation 1) in Table 1, only 67,6% of the peer group in Table 2, would *never* take a bribe. Similarly, while 47,1% of participants viewed receiving a large gift (sheep and a case of whiskey, Situation 7) as definitely wrong, only 27,9% of the peer group would never accept it, according to the response in Table 2.

Phase 3

'Assuming the company finds out about the situation, what should it's action be?' A four-point scale was again used:

- Take legal action.
- Dismiss the guilty party.
- Give a warning.
- Do nothing.

The results are presented in Table 3.

Legal action was indicated as an appropriate measure in only three situations, namely Situations 1 (taking a bribe — 33,8%), 4 (tender information — 22,1%), and 13 (insider trading — 10,5%). Scores of 0,0% for legal action were recorded for Situations 2, 3, 5, 6, 9, 12, and 15.

Dismissal was indicated in Situations 1 (61,8%), 4 (60,3%), 8 (25,0%), 10 (44,1%), and 13 (26,5%). In the cases of Situations 3, 5, and 6 dismissal was not indicated. Warnings were deemed appropriate in Situations 2 (57,4%), 7 (58,8%), 9 (55,9%), 11 (64,7%), and 14 (66,1%).

Participants felt that the company should do nothing in the case of lunch (66,2%), receiving a bottle of whiskey (85,3%), rugby invitations (77,9%), and a night out with the secretary (42,6%).

From Table 3 it would seem that the participants are of

Table 3 Appropriate company action

Situation	Take legal action %	Dismiss guilty party %	Give a warning %	Do nothing %
1. R5 000 bribe	33,8	61,8	2,9	1,5
2. Free shooting trip	0,0	11,8	57,4	30,8
3. Lunch	0,0	0,0	33,8	66,2
4. Info. on rival tenders	22,1	60,3	13,2	4,4
5. Xmas whiskey gift	0,0	1,5	13,2	85,3
6. Rugby match	0,0	1,5	20,6	77,9
7. Sheep and a case of whiskey	1,5	26,5	58,8	13,2
8. Geologist knowledge	5,9	25,0	32,4	36,7
9. Free weekend holiday	0,0	14,7	55,9	29,4
10. Petrol siphon	7,4	44,1	47,1	1,4
11. False expense claims	1,5	23,5	64,7	10,3
12. Free overseas trip	0,0	17,6	48,5	33,9
13. Insider trading	10,5	26,5	38,2	25,0
14. Free groceries	1,5	11,8	66,1	20,6
15. Secretary	0,0	10,3	47,1	42,6

the opinion that harsh company action in the form of legal action is very seldom desirable and that for most of the situations presented, a warning, or nothing at all, is warranted.

Limitations of this pilot study

This pilot study is of course subject to a number of limitations — it is a pilot study and not an exhaustive one. The intention was to test a possible approach to the problem of studying attitudes towards corruption in business in order to develop this approach for more exhaustive studies later.

More specifically the limitations of this study are:

- The sample size; only 149 respondents.
- No sophisticated statistical analysis attempted. Studies of a more exhaustive nature will obviously utilize a planned sample design, tests of significance, and correlation.
- The halo effect is discussed.
- The problem of semantics. Obviously, the phrasing of a statement or scenario will have a direct effect on response. The use, for example, of two words such as 'taking' on the one hand and 'stealing' on the other could certainly affect response. The gift situations used in the study reflect this. Situation 5, for example, implied a bottle of whiskey as a Christmas gift, while Situation 7 implied a case of whiskey and a sheep in return for a 'favour'. Score comparisons for these two situations in Tables 1, 2, and 3 reflect the difference in attitudes. It might be interesting to compare attitudes to size of gift (e.g. one bottle vs one

case) under essentially the same circumstances. An interesting consideration is that gifts mean different things to different people. A bottle of whiskey could be more important, for example, to the man earning R500 per month than a case to someone earning R4 000.

Conclusion

While the sample generally condemned corruptive practices, especially the more obvious ones presented, perceived participation of the peer group was higher than one would have expected. Appropriate company action in most cases seemed to be warnings or doing nothing with dismissal indicated only in the more extreme cases. Legal action was not seen by participants to be appropriate. Findings of a more encompassing study of a similar nature should have implications for company policy, not only concerning corruptive business practices, but also in respect of the receiving of gifts and borderline cases.

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